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4 May 1970

MEMORANDUM FOR THE RECORD

SUBJECT: CIA Retirement Fund

1. Mr. Robert B. Hull, Department of State, called to discuss funding problems associated with our respective retirement systems. The following points emerged:

a. BOB is insisting that State come up with a proposal to fund "normal cost deficiency" - this despite the recent enactment for the Foreign Service system of legislation resolving the funding problem following the pattern recently adopted for the Civil Service Retirement Fund.

b. Mr. William Macomber, Deputy Under Secretary for Administration, State Department, will be dealing with Roger Jones, BOB, on the matter. Vic Zaffra, BOB, is also involved.

c. State's first choice would be to merge the Foreign Service with the Civil Service Retirement Fund, but without losing administrative authority over the retirement system. This concept was introduced in a previous Congress in bill form.

d. State's second choice would be supplemental appropriations to the fund to assure that fund assets exceed benefit payments by a ratio of 3 to 1 (concept established in H.R. 15980 for the D.C. Teachers' Retirement System).

e. Because of the similarities of the funding problems faced by our respective systems, it would be well to coordinate our efforts with BOB, but at this time the Agency probably

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would not be interested in merging its fund with the Civil Service Fund (assuming that our congressional committees would approve). Hull said he would keep us informed of developments.

f. I reviewed for Hull our discussions with BOB concerning the status of our fund and that, while the decision had not been made yet, we probably would recommend legislation substantially similar to that approved for the Foreign Service system last year and defer our recommendations on the extent to which we should meet normal cost deficiency through supplemental appropriations until 1974 based on the results of our second 5-year actuarial study.

2. The financial status of the Foreign Service Retirement Fund has been a subject of strong differing opinions between State and BOB in the past. This may be coloring, if not precipitating, the current series of discussion.

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